

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY POWER)	
COMPANY FOR APPROVAL OF AN AMENDED)	
COMPLIANCE PLAN FOR PURPOSES OF)	CASE NO.
RECOVERING ADDITIONAL COSTS OF)	2006-00307
POLLUTION CONTROL FACILITIES AND TO)	
AMEND ITS ENVIRONMENTAL COST RECOVERY)	
SURCHARGE TARIFF)	

O R D E R

On July 28, 2006, the Kentucky Power Company ("Kentucky Power") filed an application, pursuant to KRS 278.183, seeking approval of an amended compliance plan to recover the cost of pollution control projects that were installed or will be installed on coal fired electric generating units owned and operated by affiliates of Kentucky Power. The application states that these compliance costs are paid by Kentucky Power pursuant to Federal Energy Regulatory Commission approved agreements between Kentucky Power and certain of its affiliates. Kentucky Power also proposes to amend its Environmental Surcharge tariff to reflect the inclusion of these additional compliance costs. Included with its application is a proposed surcharge tariff with an effective date of August 28, 2006.

The Commission finds that further proceedings are necessary to investigate the reasonableness of the proposed amendments to Kentucky Power's compliance plan and surcharge tariff. Pursuant to KRS 278.182(2), the Commission has 6 months to complete its investigation and determine the reasonableness of the compliance plan

and rate surcharge. Until the expiration of that statutory period, Kentucky Power's proposed tariff cannot be implemented under KRS 278.183. The procedural schedule set forth in Appendix A provides for the completion of this investigation within the statutory 6 months.

IT IS THEREFORE ORDERED that:

1. Kentucky Power shall not implement its proposed surcharge tariff until the Commission has made a determination, pursuant to KRS 278.183, of whether it is reasonable and cost effective.

2. The procedural schedule set forth in Appendix A, which is attached hereto and incorporated herein, shall be followed.

3. All requests for information and responses thereto shall be appropriately indexed. Any request for information from the Commission Staff shall be responded to as if set forth in a Commission Order. All responses shall include the name of the witness who will be responsible for responding to the questions related to the information provided, with copies to all parties of record and 5 copies to the Commission.

4. Any party filing testimony shall file an original and 8 copies.

5. Kentucky Power shall give notice of the hearing in accordance with the provisions set out in 807 KAR 5:011, Section 8(5). At the time publication is requested, Kentucky Power shall forward a duplicate of the notice and request to the Commission.

6. At any public hearing in this matter, neither opening statements nor summarization of direct testimonies shall be permitted.

7. Motions for extensions of time with respect to the attached schedule shall be made in writing and will be granted only upon a showing of good cause.

8. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

Done at Frankfort, Kentucky, this 16th day of August, 2006.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00307 DATED August 16, 2006

All initial requests for information to Kentucky Power
shall be filed no later than 08/24/06

Kentucky Power shall file responses to initial requests for
information no later than..... 09/08/06

All supplemental requests for information to Kentucky Power
shall be filed no later than 09/21/06

Kentucky Power shall file responses to supplemental requests
for information no later than 10/03/06

Intervenor testimony, if any, in verified prepared form,
shall be filed no later than 10/16/06

All requests for information to Intervenors shall be
filed no later than..... 10/27/06

Intervenors shall file responses to requests for
information no later than..... 11/09/06

Kentucky Power shall file rebuttal testimony, if any,
in verified prepared form, no later than..... 11/17/06

Last day for Kentucky Power to publish notice of hearing 11/21/06

Public Hearing shall begin at 9:00 a.m., Eastern
Standard Time, in Hearing Room 1 of the Commission's
offices at 211 Sower Boulevard, Frankfort, Kentucky,
for the purposes of cross-examination of witnesses of
Kentucky Power and Intervenors 11/28/06

Briefs, if any, shall be filed by 12/21/06